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Testimony

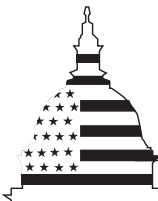
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MANAGING FOR RESULTS

Using GPRA to Assist Oversight and Decisionmaking

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G A O

Accountability * Integrity * Reliability

Mr. Chairman, Ms. Schakowsky, and Members of the Subcommittee:

I am pleased to be here today to discuss the Government Performance and Results Act of 1993 (GPRA). As agreed with the Subcommittee, I will highlight how GPRA can be used as a tool to assist the Congress in oversight and decisionmaking and to help address the challenges facing the federal government in the 21st century. My statement is based on our large body of work in recent years assessing GPRA implementation and on strategic human capital management, as well as recent reports presenting the results of our survey of federal managers at 28 agencies and our analysis of human capital management discussions in agencies' fiscal year 2001 performance plans.¹

Over the last decade, the Congress, the Office of Management and Budget (OMB), and executive agencies have worked to implement a statutory framework to improve the performance and accountability of the executive branch and to enhance executive branch and congressional decisionmaking.² This framework includes as its core elements financial management and information technology reforms as well as results-oriented management legislation, especially GPRA. As a result of this framework, there has been substantial progress in the last few years in establishing the basic infrastructure needed to create high-performing federal organizations. The issuance of agencies' fiscal year 2000 performance reports, in addition to updated strategic plans, annual performance plans, and the governmentwide performance plans, completes two full cycles of annual performance planning and reporting under GPRA.

However, much work remains before this framework is effectively implemented across the government, including transforming agencies' organizational cultures to improve decisionmaking and strengthen performance and accountability. Moreover, we are now moving to a more difficult but more important phase of GPRA implementation, that is, using results-oriented performance information as a routine part of agencies'

¹*Managing for Results: Human Capital Management Discussions in Fiscal Year 2001 Performance Plans* (GAO-01-236, Apr. 24, 2001) and *Managing for Results: Federal Managers' Views on Key Management Issues Vary Widely Across Agencies* (GAO-01-592, May 25, 2001).

²*Managing for Results: The Statutory Framework for Performance-Based Management and Accountability* (GAO/GGD/AIMD-98-52, Jan. 28, 1998).

day-to-day management, and congressional and executive branch decisionmaking.

Using GPRA to Assist Congressional Oversight and Decisionmaking

As we move further into the 21st century, it becomes increasingly important for the Congress, OMB, and executive agencies to face two overriding questions:

- What is the proper role for the federal government?
- How should the federal government do business?

GPRA serves as a bridge between these two questions by linking results that the federal government seeks to achieve to the program approaches and resources that are necessary to achieve those results. The performance information produced by GPRA's planning and reporting infrastructure can help build a government that is better equipped to deliver economical, efficient, and effective programs that can help address the challenges facing the federal government. Among the major challenges are

- instilling a results orientation,
- ensuring that daily operations contribute to results,
- understanding the performance consequences of budget decisions,
- coordinating crosscutting programs, and
- building the capacity to gather and use performance information.

Instilling a Results Orientation

The cornerstone of federal efforts to successfully meet current and emerging public demands is to adopt a results orientation; that is, to develop a clear sense of the results an agency wants to achieve as opposed to the products and services (outputs) an agency produces and the processes used to produce them. Adopting a results-orientation requires transforming organizational cultures to improve decisionmaking, maximize performance, and assure accountability—it entails new ways of thinking and doing business. This transformation is not an easy one and requires investments of time and resources as well as sustained leadership commitment and attention.

Based on the results of our governmentwide survey in 2000 of managers at 28 federal agencies,³ many agencies face significant challenges in instilling a results-orientation throughout the agency, as the following examples illustrate.

- At 11 agencies, less than half of the managers perceived, to at least a great extent, that a strong top leadership commitment to achieving results existed.
- At 26 agencies, less than half of the managers perceived, to at least a great extent, that employees received positive recognition for helping the agency accomplish its strategic goals.
- At 22 agencies, at least half of the managers reported that they were held accountable for the results of their programs to at least a great extent, but at only 1 agency did more than half of the managers report that they had the decisionmaking authority they needed to help the agency accomplish its strategic goals to a comparable extent.

Additionally, in 2000, significantly more managers overall (84 percent) reported having performance measures for the programs they were involved with than the 76 percent who reported that in 1997, when we first surveyed federal managers regarding governmentwide implementation of GPRA. However, at no more than 7 of the 28 agencies did 50 percent or more of the managers respond that they used performance information to a great or very great extent for any of the key management activities we asked about.⁴

³These 28 agencies include the 24 agencies covered by the Chief Financial Officers Act of 1990 with an additional breakout of 4 selected agencies from their departments—the Federal Aviation Administration at the Department of Transportation, the Forest Service at the Department of Agriculture, the Health Care Financing Administration at the Department of Health and Human Services, and the Internal Revenue Service at the Department of the Treasury. For additional details on the governmentwide surveys, see [GAO-01-592](#) and *Managing for Results: Federal Managers Views Show Need for Ensuring Top Leadership Skills* ([GAO-01-127](#), Oct. 20, 2000) and *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven* ([GAO/GGD-97-109](#), June 2, 1997).

⁴We asked about five key management activities including setting program priorities, allocating resources, adopting new program approaches or changing work processes, coordinating program efforts with other organizations, and setting individual job expectations.

Ensuring That Daily Operations Contribute to Results

As I mentioned earlier, we are now moving to a more difficult but more important phase of GPRA—using results-oriented performance information on a routine basis as a part of agencies’ day-to-day management and for congressional and executive branch decisionmaking. GPRA is helping to ensure that agencies are focused squarely on results and have the capabilities to achieve those results. GPRA is also showing itself to be an important tool in helping the Congress and the executive branch understand how the agencies’ daily activities contribute to results that benefit the American people.

Performance Agreements

To build leadership commitment and help ensure that managing for results becomes the standard way of doing business, some agencies are using performance agreements to define accountability for specific goals, monitor progress, and evaluate results. The Congress has recognized the role that performance agreements can play in holding organizations and executives accountable for results. For example, in 1998, the Congress chartered the Office of Student Financial Assistance as a performance-based organization, and required it to implement performance agreements. In our October 2000 report on agencies’ use of performance agreements, we found that although each agency developed and implemented agreements that reflected its specific organizational priorities, structure, and culture, our work identified five common emerging benefits from agencies’ use of results-oriented performance agreements.⁵ (See fig. 1.)

Figure 1: Emerging Benefits From Using Performance Agreements

- Strengthens alignment of results-oriented goals with daily operations
- Fosters collaboration across organizational boundaries
- Enhances opportunities to discuss and routinely use performance information to make program improvements
- Provides results-oriented basis for individual accountability
- Maintains continuity of program goals during leadership transitions

Source: GAO analysis.

⁵*Managing for Results: Emerging Benefits From Selected Agencies’ Use of Performance Agreements* (GAO-01-115, Oct. 30, 2000).

Performance agreements can be effective mechanisms to define accountability for specific goals and to align daily activities with results. For example, at the Veterans Health Administration (VHA), each Veterans Integrated Service Network (VISN) director's agreement includes performance goals and specific targets that the VISN is responsible for accomplishing during the next year. The goals in the performance agreements are aligned with VHA's, and subsequently the Department of Veterans Affairs' (VA), overall mission and goals. A VHA official indicated that including corresponding goals in the performance agreements of VISN directors contributed to improvements in VA's goals. For example, from fiscal years 1997 through 1999, VHA reported that its performance on the Prevention Index had improved from 69 to 81 percent.⁶ A goal requiring VISNs to produce measurable increases in the Prevention Index has been included in the directors' performance agreements each year from 1997 through 1999.

The Office of Personnel Management recently amended its regulations for members of the Senior Executive Service requiring agencies to appraise senior executive performance using measures that balance organizational results with customer, employee, and other perspectives in their next appraisal cycles. The regulations also place increased emphasis on using performance results as a basis for personnel decisions, such as pay, awards, and removal. We are planning to review agencies' implementation of the amended regulations.

Program Evaluations

Program evaluations are important for assessing the contributions that programs are making to results, determining factors affecting performance, and identifying opportunities for improvement. The Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) provides an example of how program evaluations can be used to help improve performance by identifying the relationships between an agency's efforts and results.⁷ Specifically, APHIS used program evaluation to identify causes of a sudden outbreak of Mediterranean Fruit Flies along

⁶The Prevention Index measures the percentage of patients who receive certain medical interventions, such as alcohol screening, and is designed to assess how well VHA follows nationally recognized approaches for primary prevention and early detection of diseases with major social consequences, such as alcohol abuse.

⁷*Program Evaluation: Studies Helped Agencies Measure or Explain Program Performance* (GAO/GGD-00-204, Sept. 29, 2000).

Strategic Human Capital Management

the Mexico-Guatemala border. The Department of Agriculture's fiscal year 1999 performance report described the emergency program eradication activities initiated in response to the evaluation's findings and recommendations, and linked the continuing decrease in the number of infestations during the fiscal year to these activities. However, our work has shown that agencies typically do not make full use of program evaluations as a tool for performance measurement and improvement.⁸

After a decade of government downsizing and curtailed investment, it is becoming increasingly clear that today's human capital strategies are not appropriately constituted to adequately meet current and emerging needs of the government and its citizens in the most efficient, effective, and economical manner possible. Attention to strategic human capital management is important because building agency employees' skills, knowledge, and individual performance must be a cornerstone of any serious effort to maximize the performance and ensure the accountability of the federal government. GPRA, with its explicit focus on program results, can serve as a tool for examining the programmatic implications of an agency's strategic human capital management challenges.

However, we reported in April 2001 that, overall, agencies' fiscal year 2001 performance plans reflected different levels of attention to strategic human capital issues.⁹ When viewed collectively, we found that there is a need to increase the breadth, depth, and specificity of many related human capital goals and strategies and to better link them to the agencies' strategic and programmatic planning. Very few of the agencies' plans addressed

- succession planning to ensure reasonable continuity of leadership;
- performance agreements to align leaders' performance expectations with the agency's mission and goals;
- competitive compensation systems to help the agency attract, motivate, retain, and reward the people it needs;
- workforce deployment to support the agency's goals and strategies;
- performance management systems, including pay and other meaningful incentives, to link performance to results;

⁸*Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges* (GAO/GGD-98-44, Jan. 30, 1998).

⁹GAO-01-236.

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- alignment of performance expectations with competencies to steer the workforce towards effectively pursuing the agency's goals and strategies; and
 - employee and labor relations grounded in a mutual effort on the strategies to achieve the agency's goals and to resolve problems and conflicts fairly and effectively.

In a recent report, we concluded that a substantial portion of the federal workforce will become eligible to retire or will retire over the next 5 years, and that workforce planning is critical for assuring that agencies have sufficient and appropriate staff considering these expected increases in retirements.¹⁰ OMB recently instructed executive branch agencies and departments to submit workforce analyses by June 29, 2001. These analyses are to address areas such as the skills of the workforce necessary to accomplish the agency's goals and objectives; the agency's recruitment, training, and retention strategies; and the expected skill imbalances due to retirements over the next 5 years. OMB also noted that this is the initial phase of implementing the President's initiative to have agencies restructure their workforces to streamline their organizations. These actions indicate OMB's growing interest in working with agencies to ensure that they have the human capital capabilities needed to achieve their strategic goals and accomplish their missions.

Management Capabilities

Major management challenges and program risks confronting agencies continue to undermine the economy, efficiency, and effectiveness of federal programs. As you know, Mr. Chairman, this past January, we updated our High-Risk Series and issued our 21-volume Performance and Accountability Series and governmentwide perspective that outlines the major management challenges and program risks that federal agencies continue to face.¹¹ This series is intended to help the Congress and the administration consider the actions needed to support the transition to a more results-oriented and accountable federal government.

¹⁰*Federal Employee Retirements: Expected Increase Over the Next 5 Years Illustrates Need for Workforce Planning* (GAO-01-509, Apr. 27, 2001).

¹¹*High-Risk Series: An Update* (GAO-01-263, Jan. 2001) and *Performance and Accountability Series: Major Management Challenges and Program Risks: A Governmentwide Perspective* (GAO-01-241, Jan. 2001). In addition, see the accompanying 21 reports on specific agencies, numbered GAO-01-242 through GAO-01-262.

GPRA is a vehicle for ensuring that agencies have the internal management capabilities needed to achieve results. OMB has required that agencies' annual performance plans include performance goals for resolving their major management problems. Such goals should be included particularly for problems whose resolution is mission-critical, or which could potentially impede achievement of performance goals. This guidance should help agencies address critical management problems to achieve their strategic goals and accomplish their missions. OMB's attention to such issues is important because we have found that agencies are not consistently using GPRA to show how they plan to address major management issues.

Understanding the Performance Consequences of Budget Decisions

A key objective of GPRA is to help the Congress, OMB, and executive agencies develop a clearer understanding of what is being achieved in relation to what is being spent. Linking planned performance with budget requests and financial reports is an essential step in building a culture of performance management. Such an alignment infuses performance concerns into budgetary deliberations, prompting agencies to reassess their performance goals and strategies and to more clearly understand the cost of performance. For the fiscal year 2002 budget process, OMB called for agencies to prepare an integrated annual performance plan and budget and asked the agencies to report on the progress they had made in better understanding the relationship between budgetary resources and performance results and on their plans for further improvement.¹²

In the 4 years since the governmentwide implementation of GPRA, we have seen more agencies make more explicit links between their annual performance plans and budgets. Although these links have varied substantially and reflect agencies' goals and organizational structures, the connections between performance and budgeting have become more specific and thus more informative. We have also noted progress in agencies' ability to reflect the cost of performance in the statements of net cost presented in annual financial statements. Again, there is substantial variation in the presentation of these statements, but agencies are developing ways to better capture the cost of performance.

¹²OMB Bulletin No. 00-04, *Integrating the Performance Plan and Budget*, June 6, 2000.

Coordinating Crosscutting Programs

Virtually all of the results that the federal government strives to achieve require the concerted and coordinated efforts of two or more agencies. There are over 40 program areas across the government, related to a dozen federal mission areas, in which our work has shown that mission fragmentation and program overlap are widespread, and that crosscutting federal program efforts are not well coordinated.¹³ To illustrate, in a November 2000 report, and in several recent testimonies, we noted that overall federal efforts to combat terrorism were fragmented.¹⁴ These efforts are inherently difficult to lead and manage because the policy, strategy, programs, and activities to combat terrorism cut across more than 40 agencies. As we have repeatedly stated, there needs to be a comprehensive national strategy on combating terrorism that has clearly defined outcomes. For example, the national strategy should include a goal to improve state and local response capabilities. Desired outcomes should be linked to a level of preparedness that response teams should achieve. We believe that, without this type of specificity in a national strategy, the nation will continue to miss opportunities to focus and shape the various federal programs combating terrorism.

Crosscutting program areas that are not effectively coordinated waste scarce funds, confuse and frustrate program customers, and undercut the overall effectiveness of the federal effort. GPRA offers a structured and governmentwide means for rationalizing these crosscutting efforts. The strategic, annual, and governmentwide performance planning processes under GPRA provide opportunities for agencies to work together to ensure that agency goals for crosscutting programs complement those of other agencies; program strategies are mutually reinforcing; and, as appropriate, common performance measures are used. If GPRA is effectively implemented, the governmentwide performance plan and the agencies' annual performance plans and reports should provide the Congress with new information on agencies and programs addressing similar results.

¹³*Managing for Results: Barriers to Interagency Coordination* (GAO/GGD-00-106, Mar. 29, 2000) and *Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap* (GAO/AIMD-97-146, Aug. 29, 1997).

¹⁴*Combating Terrorism: Federal Response Teams Provide Varied Capabilities; Opportunities Remain to Improve Coordination* (GAO-01-14, Nov. 30, 2000), *Combating Terrorism: Comments on Bill H.R. 4210 to Manage Selected Counterterrorist Programs* (GAO/T-NSIAD-00-172, May 4, 2000), *Combating Terrorism: Linking Threats to Strategies and Resources* (GAO/T-NSIAD-00-218, July 26, 2000), *Combating Terrorism: Comments on Counterterrorism Leadership and National Strategy* (GAO-01-556T, March 27, 2001), and *Combating Terrorism: Comments on H.R. 525 to Create a President's Council on Domestic Terrorism Preparedness* (GAO-01-555T, May 9, 2001).

Once these programs are identified, the Congress can consider the associated policy, management, and performance implications of crosscutting programs as part of its oversight of the executive branch.

Building the Capacity to Gather and Use Performance Information

Credible performance information is essential for the Congress and the executive branch to accurately assess agencies' progress towards achieving their goals. However, limited confidence in the credibility of performance information is one of the major continuing weaknesses with GPRA implementation.

The federal government provides services in many areas through the state and local level, thus both program management and accountability responsibilities often rest with the state and local governments.¹⁵ In an intergovernmental environment, agencies are challenged to collect accurate, timely, and consistent national performance data because they rely on data from the states. For example, earlier this spring, the Environmental Protection Agency identified, in its fiscal year 2000 performance report, data limitations in its Safe Drinking Water Information System due to recurring reports of discrepancies between national and state databases, as well as specific misidentifications reported by individual utilities. Also, the Department of Transportation could not show actual fiscal year 2000 performance information for measures associated with its outcome of less highway congestion. Because such data would not be available until after September 2001, Transportation used projected data. According to the department, the data were not available because they are provided by the states, and the states' reporting cycles for these data do not match its reporting cycle for its annual performance.

Discussing data credibility and related issues in performance reports can provide important contextual information to the Congress. The Congress can use this discussion, for example, to raise questions about the problems agencies are having in collecting needed results-oriented information and the cost and data quality trade-offs associated with various collection strategies.

¹⁵*Managing for Results: Challenges Agencies Face in Producing Credible Performance Information* (GAO/GGD-00-52, Feb. 4, 2000) and *Managing for Results: Challenges in Producing Credible Performance Information* (GAO/T-GGD/RCED-00-134, Mar. 22, 2000).

In summary, Mr. Chairman, the Congress and the executive branch, working together, have put in place a management infrastructure—with GPRA as its centerpiece. More needs to be done before this infrastructure is effectively implemented across the federal government. However, the planning and reporting efforts under GPRA to date are generating new and important information that had not been available in the past—information that congressional and executive branch decisionmakers can use to help assess what government should do in the 21st century and how it should do it.

Mr. Chairman, this concludes my prepared statement. I will be pleased to respond to any questions that you or the Members of the Subcommittee may have.

Contacts and Acknowledgments

For future contacts regarding this testimony, please contact J. Christopher Mihm on (202) 512-6806. Individuals making key contributions to this testimony include Susan Barnidge, Ben Crawford, Joyce Corry, Michael Curro, Emily Dolan, Peter Del Toro, Janice Lichty, Steven Lozano, Allen Lomax, Lisa Shames, Dorothy Self, and Sarah Veale.